GEMINI CORPORATION
2003 Annual Report

EARNINGS BEFORE INCOME TAX
2003 – 2,499
2002 – (406)
716% increase

RETAINED EARNINGS
2003 – 431
2002 – (1,258)
134% increase

134%

716%

WORKING CAPITAL
2003 – 2,810
2002 – 502
459% increase

459% 1723%

CASH FLOW
2003 – 1,750
2002 – (108)
1,723% increase

63%

GROSS PROFIT
2003 – 8,180
2002 – 5,023
63% increase

NET EARNINGS
2003 – 1,689
2002 – (390)
533% increase

533% 49%

SHAREHOLDERS' EQUITY
2003 – 5,202
2002 – 3,487
49% change

TOTAL ASSETS
2003 – 10,454
2002 – 8,563
22% increase

22% 36%

REVENUE
2003 – 25,564
2002 – 18,832
36% increase

54% 447%

DECREASE IN LONG TERM DEBT
2003 – 783
2002 – 1,696
54% change

EARNINGS PER SHARE
2003 – 0.052
2002 – (0.015)
447% increase

$thousands except per share data
See complete Consolidated Financial Highlights on page 27

- improved revenue, gross profit and earnings
- reduced debt by $1,260,000

- signed MOU with ME Engineering to provide Once Through Steam Generators (OTSG); target is the Steam-Assisted Gravity Drainage market (SAGD)

- achieved Original Equipment Manufacturer status with Bio-Technologies, a biowaste technology company

- acquired an interest in Clean Energy Strategies, a company focused on green energy, specifically wind power

- sold Burstall compressor station
- strengthened marketing resources for all divisions

- opened Edmonton office subsequent to year end

OPERATIONAL HIGHLIGHTS

See what we have achieved ➤

CORPORATE PROFILE Gemini Corporation ("Gemini" or "the Company") is a growth-oriented, Calgary-based company supplying a wide range of services including project management, fabrication, construction and operating services, primarily to the oil and gas industry in Canada and internationally. Our vision is to be the leading provider of engineered solutions. In 2003, the Company conducted business in four operational areas through three wholly-owned subsidiaries. Engineering services were provided by Gemini Engineering Inc. (GEI) and its GEM Production Management division. GEM Production Management also provided operations support. Fabrication and construction services were provided by Kinetic Projects Ltd. The third subsidiary, Vector Power and Automation Ltd., was not active in 2003.

On January 1, 2004 the Company completed a corporate restructuring, and Gemini Engineering Inc., Kinetic Projects Ltd. and Vector Power and Automation Ltd. were amalgamated into Gemini Ventures Ltd. At the same time, four new subsidiaries were created and are operating as limited partnerships. The new structure reflects the distinct business operations of the Company. Gemini Engineering Limited continues to provide engineering services with a focus on larger clients and projects. GEM Production Management Ltd. provides engineering services in addition to field operations support to the emerging producers. Fabrication activities are now conducted in Kinetic Process Systems Ltd. and construction activities reside in Kinetic Projects Inc. A fifth company, GenSolutions Ltd., began operations in late January to provide environmental engineering consulting services.

Gemini Corporation trades on the TSX Venture Exchange under the symbol GKX.

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MESSAGE TO SHAREHOLDERS Welcome to the 2003 Annual Report of Gemini Corporation. I believe that as you review the information in this report, you will see how many of the initiatives taken over the past several months are beginning to create value and show growth for the Company.

2003 marked significant strides for the Company and I am pleased to provide you with details covering the past twelve months. Supported by the commitment and skill of our employees, the Company set and successfully achieved an aggressive plan that resulted in increased value to the Company, its shareholders, employees, clients and the communities in which we perform our services.

At the beginning of 2003, we predicted a return to activity levels of 2001. This was based on the continued strength of oil and gas prices, the resurgence of small producers and increased activity of our core clients. We are pleased to report that all those events occurred and, as a result, the year was one of significant advancement which is expected to continue into 2004.

Last year we wanted to increase market share in all operational areas. This was accomplished, as indicated by the revenue increases experienced by each division. Our strategy of providing full service to our clients also proved to be a success. Under this business arrangement, our team provides services from conceptual design through to start up of facilities. Our clients achieve earlier start up and the Company receives additional business. With this single-point service, project execution becomes very streamlined

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and efficient. Gemini believes that continued success in full-service projects will provide one of the best ways to grow business activities with minimum cost and low risk.

Gemini's vision is "to be the leading supplier of engineered solutions". This vision is supported by strong people with a wide range of skill sets, including technical, trades, financial and management. Gemini continues to develop these resources and will remain focused on developing strengths needed to support its vision.

Key developments during the year include:

- developing the fabrication business into an efficient and profitable operation
- establishing a strong presence in the full-service market
- increasing our presence in the junior and emerging oil and gas sector while maintaining business relationships with our core clients
- increasing technical skills by hiring additional core staff
- setting the platform for supply of Once Through Steam Generators (supported by signing an MOU in early 2004)
- opening an office in Edmonton with a primary goal of providing environmentally focused solutions
- managing overheads and other costs to improve earnings without impacting our ability to provide quality service
- selling or shutting down unprofitable activities such as Vector and the Burstall compressor station and using proceeds to pay out EDC and further reduce our debt with our prime lender
- expanding our involvement in biomass handling and waste management

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GOVERNANCE AND FINANCIAL REPORTING (PAGE 35)
Clockwise from top right: Carl Johnson, Marlene Quiring, Roy Barr, Greg McGibbon, Blair Harding, Carl Smith, Rick Buckner, Anne Harris, Nolan Blades, Ron McCrimmon, Larry Shelley, Adrian Lomas

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CONTRIBUTION TO THE COMMUNITY (PAGE 25)
Clockwise from top right: Dallas Butcher, Eleanor Scott, Ronny Lee, Sue Cooper, Ryan Hansen, Shirley Barnowich, Rob Langstaff, Pat Pullen, Ryan Carnahan, Annette Reichel, Geoff Amon, Lily Truong

With continued strong commodity prices the Company looks forward to further success and growth through 2004.

FINANCIAL RESULTS

- revenues increased by 36% to $25,564,000 from $18,832,000
- gross margins improved from 26% to 32%.
- net earnings increased 533% to $1,689,000 compared to a loss of $390,000 in 2002
- earnings per share of $0.052 compared to a loss of $0.015 in 2002
- cash flow from operations increased by $1,858,000 or 1,723%

As we conclude a successful year and see the potential opportunities for the Company in the year ahead, it is important that a clear and focused short-term plan is in place. Gemini has developed a plan for further growth in all divisions. Our engineering component has already identified opportunities that will achieve 80% of our targets with much of this work already booked. Our new Edmonton office has also identified work that is expected to add 5% to the Company's revenues for the year. In the two months of operation, this division has secured 30% of the target revenues for the year and has proposals submitted for work in excess of $1 million.

Our fabrication operation has seen very high bid activity year to date, and the success rate of its efforts is approximately 20%, which is above industry average. This division is moving more into engineered products which will assist in increasing growth and returns to the Company. At the time of preparing the annual report, the fabrication group was

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involved with two new technologies that could bring in excess of $4 million of new product business. It is also involved, in conjunction with ME Engineering, in the development and marketing of the Once Through Steam Generators. This product has application in heavy oil production and is expected to enter the market this year.

Construction resources have been increased with the anticipation of high activity levels through 2004. Although this division is still experiencing strong competition in conventional markets, it plans to diversify its activity into new areas of business. Our construction group is also responsible for coordinating full-service contracts and has several projects that will start mid-year.

At the end of 2003, our Operations division was awarded a significant operations contract which alone will increase revenues three-fold. This group continues to gain the confidence of its clients and, assuming the validity of our belief that smaller producers will outsource more and more of their operations needs, this business should grow.

We will continue to pursue opportunities that add value to our operations.

The Company continues to develop skills and resources targeting new technology. Many of these are environmentally focused. Our long-term strategy is to use our technical strength in solving issues that have significant impact on the community. Some of these initiatives are focused on water quality, waste handling and renewable energy.

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STRUCTURED TO BE SUSTAINABLE (PAGE 15)

Clockwise from top right: Karen Duffee, Rodney Matheson, Gerry Nixon, Charlotte Whiteley, Bob Pavan, Steve Huitema, Garth Jones, Jim Louie, Doug Pickel, Philip Jajarmi, Wayne Duke, Randy Lomas

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MORE THAN 1981
COMBINED YEARS OF
INDUSTRY EXPERIENCE

CREATIVITY AND INNOVATION (PAGE 21)
Clockwise from top right: Ed Nieckar, Andy Motz, Betty Keam, Bob Dunn, Jeff Warners, Kim Roslaniec, Terry Cooper, Dan Nguyen, Ashley Lewis, Gunther Benkenstein, Trevor Serool, Sandy Plumridge

Through 2003, the Company maintained its involvement in biomass. Interest has rapidly increased in the biotechnology process that we pilot operated at our plant site at Ponoka. During the year, there were in excess of six demonstrations witnessed by government and industry officials. With the impact of the bovine spongiform encephalopathy (BSE) early in the year, the probability of bringing this technology to market in 2004 has increased considerably and at year end we were developing detailed capital costs for one such project.

The Edmonton office adds skills and resources in water and waste treatment. This will move the Company into the municipal waste treatment sector. Success has already been achieved with the acquisition of an open order to provide assistance to a major municipal client.

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Our involvement with Clean Energy Strategies continues to grow. That company has secured several land positions and has completed wind monitoring of two sites. Results of this testing has verified excellent wind regimes. At this time, Clean Energy Strategies is investigating alternatives for developing the lands into commercial wind farm operations. If the wind farm proceeds, Gemini expects to become involved by supplying services to the project.

The Company will continue to identify key skills required to achieve its vision and add the resources to enable it to service future needs and fuel growth. Due to the industry's need for strong and competent skills, Gemini will have no lack of business opportunities. Our focus will be to develop these

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opportunities in a technical and commercially responsible manner that will ensure long-term stability and increased shareholder value.

ACKNOWLEDGEMENTS

On behalf of your Board of Directors, I would like to acknowledge the efforts of our staff, contractors and suppliers throughout 2003. The success of the Company is a direct result of their commitment to Gemini. I would also like to express my thanks and appreciation to our Board of Directors for their leadership and guidance, and to all our shareholders for their continued support and confidence.

The past year was one of considerable advancement and has set the foundation for continued growth in 2004. Our vision remains *to be the leading provider of engineered solutions.*

Carl Johnson
President & Chief Executive Officer
April 7th, 2004

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The Company is structured to be sustainable – and managed for long-term growth. Our subsidiaries allow us to offer comprehensive services tailored to project size and complexity and our management approach encourages creativity and accountability. We invest in training to create a committed workforce and, HAND in hand with our suppliers and partners, we invest in our relationships with each other to build the kind of integrated organization that our clients expect. We are built to deliver today and to anticipate tomorrow's needs.

CORPORATE RESTRUCTURING At the beginning of 2004, Gemini restructured into four distinct companies that reflect how its business is conducted. Gemini Engineering Limited continues to focus on larger clientele and larger projects and GEM Production Management Ltd. continues to target the emerging producers to provide engineering and operations support. Our shop and fabrication activities are provided by a new company, Kinetic Process Systems Ltd., while construction activities remain the responsibility of Kinetic Projects Inc. Our Vector Power and Automation subsidiary remained inactive in 2003 and was shut down at the end of the year. A fifth company, GenSolutions Ltd., began operations in late January to provide environmental engineering consulting services. This re-alignment permits proper management functions according to service provided and assists the Company with financial reporting and operational monitoring of each business sector. The Company continues to use its resources independently or combined to meet the expectations of its clients.

FROM OBJECTIVE TO PERFORMANCE

increase engineering revenues above 2002 levels	expand heavy oil presence	continue servicing small producers
increased revenues by 26% above 2002 levels	ongoing involvement with expansion of SAGD pilot project	added new clients revenue from small producers increased by a factor of five

ENGINEERING

GEM Production Management (GEM) is a subsidiary of GEI, and both provide Gemini's engineering services. Operationally, the two subsidiaries are very similar, with the primary difference being their target markets. GEI focuses on larger projects for larger, senior producers while GEM focuses on fast-track, low-overhead projects for smaller producers.

Gemini's primary competitive advantage in engineering projects is the high quality of its service and the flexible manner of undertaking projects.

OPERATING ENVIRONMENT IN 2003

The requirement for engineering services remained steady during the year and in general, business volume remained high. The escalating activity in heavy oil has impacted the availability of qualified personnel. It is expected that the tight market for technically skilled personnel will continue in 2004.

During 2003, Gemini's engineering activities continued to flourish with a 26% increase in revenues from the previous year. This growth was achieved from existing clients as well as from new clients, the majority of whom came from the junior producer sector.

KEY ACHIEVEMENTS IN 2003

- exceeded financial targets set for 2003
- retained all core clients
- added six new clients that will provide long term relationships
- completed internal restructuring to increase effectiveness and position the organization for the execution of bigger projects
- maintained low staff turnover rates

PROJECTS IN 2003

A large amount of engineering work in 2003 involved connecting wells into existing infrastructure and adding compression facilities. Front-end engineering work has been successfully completed for the expansion of two related large sour gas processing plants in central

GEMINI CORPORATION

Effective as of January 2004

GEMINI ENGINEERING LIMITED	GEM PRODUCTION MANAGEMENT LTD.	KINETIC PROJECTS INC.	KINETIC PROCESS SYSTEMS LTD	GENSOLUTIONS LTD
project management, engineering, construction management	project management, operations	construction, full service	process units, general fabrication	environmental engineering

FROM OBJECTIVE TO PERFORMANCE

introduce new procedures for manufacturing, marketing, project management, purchasing and quality assurance	improve internal efficiencies through manufacturing and project controls	obtain ASME "U" stamp certification to gain access to broader vessel market	aggressively pursue new fabrication opportunities	maintain safe work environment	expand heavy oil presence
the fabrication division completed a restructuring in Q1 and began to see benefits in Q2, achieving profitability through Q3 and Q4	improved efficiencies throughout 2003 and estimate shop annual capacity could increase by up to 30% without major capital expenditures	obtained ASME "U" Stamp Certification and tripled vessel output	increased market awareness and presence, resulting in three-fold increase in inquiries entered 2004 with a high bid load	completed the year with zero lost time accidents in 51,000 manhours	provided heavy oil services into heavy oil projects developed a plan to provide Steam Generation into SAGD projects

Alberta. A similar front-end engineering package was commenced in October and is currently underway for a plant owned by another client. This project scope includes a long, large diameter pipeline. Gemini expects that the project will be operational in 2005, pending regulatory approval. Three oilfield waste treatment, recovery and disposal (TRD) facilities projects were also successfully completed during the year. In addition, major shallow gas developments in southeast Alberta were completed in 2003 and planning for 2004 expansion is underway.

The engineering groups combined their services with the fabrication and construction sections to complete five full-service contracts. These projects were completed within the time and budget targets set with our clients.

OUTLOOK FOR 2004

The outlook for the engineering sector remains positive with anticipated growth in revenues. There will be an increased emphasis on sales effectiveness, and hiring and retaining high-quality personnel to manage continued growth. Gemini entered 2004 with one of its highest levels of active projects in the history of the Company. This, combined with identified work forecast by our clients, will provide the basis needed to achieve planned growth for 2004. One goal for 2004 is to add one additional major client from the top-end producers. Such a client has been identified and we have begun to develop a relationship.

FABRICATION

Kinetic Projects Ltd. (Kinetic) provides Gemini's fabrication services. This wholly owned subsidiary began operations in 1987 and has manufacturing facilities in Ponoka, Alberta. Fabrication services are provided separately or in combination with construction services, and include modular plants, packaged process equipment, pressure vessels and custom equipment manufacturing.

The fabrication group draws on a strong competitive advantage in this area from the Company's solid reputation, short delivery times, high-quality products, its capabilities in specialty fabrication and ability to design solutions for unique applications.

OPERATING ENVIRONMENT IN 2003

The past year was a challenging one for the fabrication business in Alberta due to the excess of fabrication capacity in the province. However, the Company benefited as the junior producers began to ramp up activities during the final two quarters of the year. This division completed its restructuring during the first quarter and began to see benefits in the second quarter. It established new roles and responsibilities for senior people, implemented more stringent project controls and added technical support at the site. Due to the improved efficiencies at the facility management level, we expect that the annual capacity of the shop could increase by 30% without major capital expenditures.

KEY ACHIEVEMENTS IN 2003

- obtained ASME U Stamp Certification
- increased gross revenues by 180%

pursue full service contracts	strengthen client relationships	improve internal project management, estimating and cost control procedures	expand into new business areas
completed five full-service contracts using the combined resources of the Engineering, Fabrication and Construction groups	met or exceeded client goals	met or exceeded our financial objectives established at bid stage	added resources bringing diversified skills to the Company

- increased market presence, as evident by a three-fold increase in inquires
- established a working relationship with ME Engineering to supply Once Through Steam Generators to the SAGD industry

PROJECTS FOR 2003

The fabrication business focused on manufacturing custom products including 70 pressure vessels, 23 piping modules and 30 process packages. In addition, the division increased market awareness that resulted in a high bid load as we entered 2004.

OUTLOOK FOR 2004

Gemini predicts that activity will continue to increase through 2004, leading to further fabrication opportunities. This has been evident year to date with inquiry activity already at one third of 2003 levels – double last year for the same period. Actual purchases are being placed faster than last year.

Using the technical support available within the Company, the fabrication group will continue to seek new business opportunities involving fewer competitors. During the first quarter of 2004, proposals exceeding $4 million were issued for these new products, with another $2 million expected by the end of the second quarter.

The fabrication division continues to support biomass technology and continues to receive interest from potential project developers. Due to the issues surfacing from BSE, potential changes to the rendering industry regulations and public concerns relating to agricultural waste handling, the Company expects that these efforts may become reality by late 2004.

CONSTRUCTION

Gemini's construction services are also provided by Kinetic Projects Ltd. (Kinetic) and encompass projects throughout Western Canada. Kinetic has the advantage of providing full service that includes engineering, procurement and construction. This project strategy reduces project completion times and results in early cash flow for the client.

Products include all types of oil and gas facilities including new construction, modifications and expansions to existing facilities.

OPERATING ENVIRONMENT IN 2003

Kinetic Projects Ltd. is entering 2004 with continued optimism after completing a successful year in 2003. The Western Canadian Sedimentary Basin conventional oil and gas industry continues to change from exploration to production mode with increasing interest in non-conventional oil sands projects.

2003 was a year of mixed successes for the construction industry. In the northeast part of the province, large projects consumed much of the labour workforce. By mid year, activity levels improved as did the results for this division. With the continued ability to connect new production into existing infrastructure, much of the work was conducted by local competitors. However, increased sales efforts resulted in fourth quarter success and the division is planning for growth in 2004.

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Our work is built to last. The products we deliver are efficient and enduring. From the nuts and BOLTS of engineering excellence, to the creativity and innovation that characterize our service approach, Gemini conducts its business with a view to the long term. We invest in projects that contribute to a sustainable future for all Canadians. From wind technology to innovations in biomass, Gemini is the future.

FROM OBJECTIVE TO PERFORMANCE

increase business volume	provide safe work environment	evaluate options relating to low performing operations
acquired additional contracts that will double revenues for this sector	zero lost time accidents in 52,000 manhours and 650,000 kms	sold the Burstall compressor station and used proceeds to reduce the Company's debt

KEY ACHIEVEMENTS IN 2003

- added a project manager to focus on customer service, safety and quality
- successfully completed full-service contracts in northern and southern Alberta
- improved estimating and project controls for managing construction projects

PROJECTS FOR 2003

In 2003, Kinetic completed a mix of small and medium sized projects over a wide geographical area. The larger projects were a combination of full service and construction. All projects completed met or exceeded financial targets, which supports the success of additional systems implemented in 2002.

Even with reasonable activity levels, margins remain relatively competitive, which continues to place pressure on budget control of individual projects.

OUTLOOK FOR 2004

The Company is targeting for increased revenues from the construction division for 2004. This division has three main market thrusts: conventional oil and gas construction, full service and industrial. Conventional oil and gas remains the primary focus for new business. With continued high commodity prices, spending in this area is expected to equal or exceed 2003 levels; however, much of the activity comes from connecting new wells to existing infrastructure, which results in margins remaining relatively tight. Several full service opportunities have been identified and these are expected to begin mid year. We are expecting full service work to parallel 2003 activities.

The industrial segment is new to the Company and could result in significant growth opportunities. The focus will be on power generation, biomass and boiler installation or repair.

OPERATIONS

Gemini's operating services are provided by GEM Production Management (GEM) and represent approximately 20 to 30% of GEM's revenue. Unlike project work, Operations contracts continue for several years and provide a steady revenue stream over a longer term. A key factor in Gemini's operations success is the ability to offer a flexible approach to operating services based on clients' needs. Operations uses the support of the engineering group on an as-need basis – a value-added feature most contract operators do not have.

At the beginning of 2003, the Company owned a compressor station in Burstall, Saskatchewan. Production levels at the plant were lower than expected and operating at a loss. As a result, the plant was sold mid year. GEM continued with its operations in southeast Alberta and was successful in acquiring the contract to operate a large shallow gas operation in Southern Alberta.

KEY ACHIEVEMENTS IN 2003

- continued to expand operations business
- achieved a zero lost time safety record
- assisted clients to improve their production

OUTLOOK FOR 2004

The operations service provided by Gemini will experience a tripling of revenues over 2003. Over the long term, this business is expected to generate interest from smaller producers that do not want to build internal infrastructure to undertake field operations. The focus for our operations group remains the small start up companies.

CORPORATE STEWARDSHIP

HEALTH, SAFETY AND ENVIRONMENT

Gemini Corporation is strongly committed to providing the best possible service without compromising the health and safety of staff, clients, suppliers and the general public. The Company's health and safety practices are supported with written policies relating to conducting business in a safe and environmentally responsible manner. The Company's policies and practices, along with client requirements, form the basis of how Gemini conducts business. The objective of the Company is to exceed government requirements.

In 2003, the Company's employees worked a total of 388,000 hours with only one lost time accident.

As a matter of business, Gemini continually seeks ways to reduce greenhouse gas emissions and improve energy efficiencies for its clients and within the course of carrying out its normal business.

HUMAN RESOURCES

Gemini believes its staff require both technical and interpersonal skills to meet clients' needs and achieve career growth. Accordingly, the Company provides its employees with both technical and soft skills training. Soft skills training, such as leadership, client relations and interpersonal communications, is conducted through our in-house corporate development program.

In 2003, 95 Gemini employees participated in 126 training courses to upgrade or expand their technical and leadership skills.

QUALITY ASSURANCE/ QUALITY CONTROL

Gemini's commitment to quality is critical to the success of its operations. Gemini never compromises quality, and this in turn creates the foundation for all its subsidiaries to follow. Each subsidiary has its own quality control programs developed specifically for its business needs. Gemini enjoys a reputation for providing quality products, whether they are engineering, operations, fabrication or construction projects.

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We believe in making an active contribution to the community. Our employees are encouraged to volunteer with those organizations that matter to them and Gemini contributes to local children's charities, the Food Bank, STARS, bursaries and apprenticeship programs, on behalf of the entire organization. We are all GEARS in the larger machine of a healthy community and sustainable environment. Gemini accepts that responsibility.

The following discussion of Gemini Corporation's financial and operating results should be read in conjunction with the Company's audited consolidated financial statements and related notes. These discussions include various forward-looking statements and information regarding the markets in which the Company operates, demand for the Company's products and services and the Company's projected results. The information supplied is subject to certain risks, uncertainties and assumptions pertaining to operating performance, economic conditions and other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary significantly from those expected. Consequently, all of the forward-looking statements made in this report are qualified by these cautionary statements. The Company assumes no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise.

OVERVIEW

Gemini Corporation ("Gemini" or "the Company") is a growth-oriented, Calgary-based company supplying a wide range of services including project management, fabrication, construction and operating services, primarily to the oil and gas industry in Canada and internationally. Our vision is to be the leading provider of engineered solutions. In 2003, the Company conducted business in four operational areas through three wholly-owned subsidiaries. Engineering services were provided by Gemini Engineering Inc. and its GEM Production Management division. GEM Production Management also provided operations support. Fabrication and construction services were provided by Kinetic Projects Ltd. The third subsidiary, Vector Power and Automation Ltd., was not active in 2003.

On January 1, 2004 the Company completed a corporate restructuring, and Gemini Engineering Inc., Kinetic Projects Ltd. and Vector Power and Automation Ltd. were amalgamated into Gemini Ventures Ltd. At the same time, four new subsidiaries were created and are operating as limited partnerships. The new structure reflects the distinct business operations of the Company. Gemini Engineering Limited continues to provide engineering services with a focus on larger clients and projects. GEM Production Management Ltd. provides engineering services in addition to field operations support to emerging producers. Fabrication activities are now conducted in Kinetic Process Systems Ltd. and construction activities reside in Kinetic Projects Inc. A fifth company, GenSolutions Ltd., began operations in late January to provide environmental engineering consulting services.

RESULTS OF OPERATIONS

CONSOLIDATED RESULTS

The year ended December 31, 2003 was a very successful year for Gemini, in line with expected results. The table below provides financial highlights on a consolidated basis. While revenues increased substantially over the previous year, the most significant financial achievements were the increase in net earnings, cash flow and working capital. Another important milestone in Gemini's progress was the improvement in retained earnings, from a deficit position of $1,258,000 to a positive balance of $431,000.

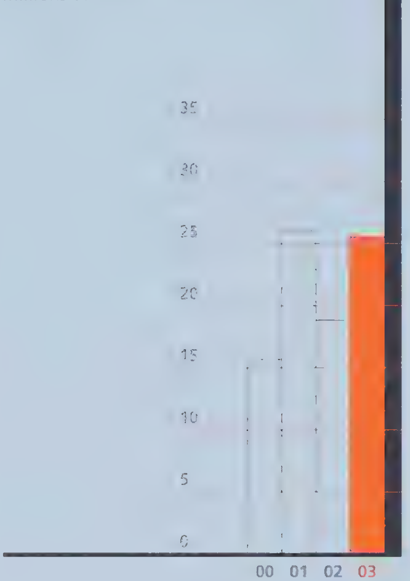
Revenues showed a substantial increase over 2002. Gemini Engineering and its GEM division were very busy in 2003 due to the activity levels of our core group of clients, as well as the resurgence of junior oil and gas companies. With the continued strength in oil and gas prices, these high activity levels are expected to remain into 2004. Gemini's construction and fabrication businesses were reasonably active in 2003, and revenues increased by 60% over the previous year. Due to aggressive marketing strategies and favourable projections for the oil and gas industry, the Company expects that this part of the business will continue to improve in 2004.

Expenses increased slightly over the previous year but decreased as a percentage of revenue from 29% to 23%. This increase resulted from additional costs associated with the reorganization plans that were initiated throughout Gemini in late 2002.

Office and administration expenses increased by 11% over the previous year; however, as a percentage of revenue they decreased from 26% to 21%. Salaries and benefits, the Company's major cost, remained unchanged despite the increase in activity levels and subsequent increase in the number of employees. As business volumes increase, the Company is able to allocate a higher percentage of its labour costs to projects. When business activity is low, a greater proportion of salaries and benefits are reported as overhead expenses. During 2003, overhead expenses including training, memberships, rent, telecommunications, vehicle, and office supplies increased, reflecting the high activity levels. Advertising costs, including proposal costs, increased as a result of the Company's continued aggressive marketing approach.

CONSOLIDATED FINANCIAL HIGHLIGHTS ($thousands except share data)		2002	% Change
Revenue	25,564	18,832	36%
Gross Profit	8,180	5,023	63%
Earnings (loss) before Income Taxes	2,499	(406)	716%
Net Earnings (loss)	1,689	(390)	533%
per share – basic & diluted	0.052	(0.015)	447%
Cash Flow	1,750	(108)	1,723%
Working Capital	2,810	502	459%
Total Assets	10,454	8,563	22%
Capital Expenditures	202	550	(63%)
Disposal of Capital Assets	1,070	30	3,466%
Total Long-term Debt	783	1,696	(54%)
Retained Earnings (Deficit)	431	(1,258)	134%
Shareholders' Equity	5,202	3,487	49%
Weighted Average Shares Outstanding – basic & diluted	30,793,436	30,803,362	(0%)

CONSOLIDATED REVENUES
millions of dollars



GROSS MARGIN
%

Amortization costs remained essentially unchanged. Any increase in amortization as a result of capital purchases was offset by the reduction in amortization resulting from the sale of the compressor station mid year.

In total, interest costs were unchanged from the previous year; however, interest associated with the operating line decreased slightly due to reduced utilization.

Gain on settlement of debt resulted from the settlement of the debt owing to the Export Development Corporation. (Refer to Note 12 in the Consolidated Financial Statements.)

Income tax expense increased primarily due to improved company profitability. Income taxes are payable as a result of the profits earned in the Gemini Engineering Inc. subsidiary, while future income tax expense was unchanged. Although Kinetic Projects Ltd. had taxable income in 2003, this was offset by the recognition in 2003 of prior year losses incurred. As a result of the legal restructuring on January 1, 2004, Gemini expects to utilize all operating losses incurred in previous years before they expire. (Refer to Note 18 in the Consolidated Financial Statements.)

SEGMENTED RESULTS

Gemini Engineering (GEI) provides engineering and design services to the oil and gas industry, with a focus on senior producers and larger projects. The past year proved to be a very busy and successful year for this division. Earnings before taxes more than doubled over the previous year, exceeding our expectations. Revenue was similar to 2002 figures; however, office and administration expenses were approximately 20% lower, indicating efficient use of resources and management of expenses. As mentioned in previous reports, GEI has been reorganized to increase its effectiveness and to gain the ability to take on larger projects. Although this process increased costs in 2002, the results were effective and contributed significantly to profitability in 2003. GEI's success is also attributable to its existing core group of clients who have been very active during the past couple of years.

The outlook for 2004 remains positive, and both revenues and profits are expected to increase. The primary focus will be on sales effectiveness in order to attract new clients. The biggest challenge facing this subsidiary will be to manage growth while retaining and recruiting high-quality employees.

GEM Production Management (GEM) provides contract operating services and engineering services to oil and gas companies, with its target market comprising smaller producers who require fast-track projects with low overhead. In 2003, revenues from engineering represented approximately 80% of total work volume, with the remainder coming from contract operations and custom processing.

In addition to the substantial improvement in results over 2002, as shown in the corresponding table, GEM's 2003 results were significantly higher than forecast. This improved profitability was due to a number of factors. In the third quarter of 2003, GEM divested itself of the compressor station, which did not perform as expected. This disposal removed the costs associated with the operation of the plant, resulting in greater profitability. Engineering profits increased as a result of the increased activity among the junior producers, which provide the majority of GEM's engineering business. GEM was effective in managing its financial resources, as demonstrated by the 30% decrease in office and administration expenses from the previous year. This decrease occurred despite a 200% increase in revenues.

GEM's activity level is expected to increase in 2004, in both engineering and contract operating activities. In late 2003, a contract to operate a large shallow gas operation in southern Alberta was obtained. This contract will more than double GEM's operating revenues. It is also expected that junior oil and gas producers will continue to be active, which should increase GEM's engineering revenues in 2004.

Kinetic Projects Ltd. (Kinetic) provides fabrication services and construction services to the oil and gas industry. Despite a slow start to the year, Kinetic had significantly improved results over 2002. Both construction and fabrication operated in very competitive markets in 2003. One factor that contributed to the positive results of both groups was the ability to provide full service project execution (engineering, procurement and construction).

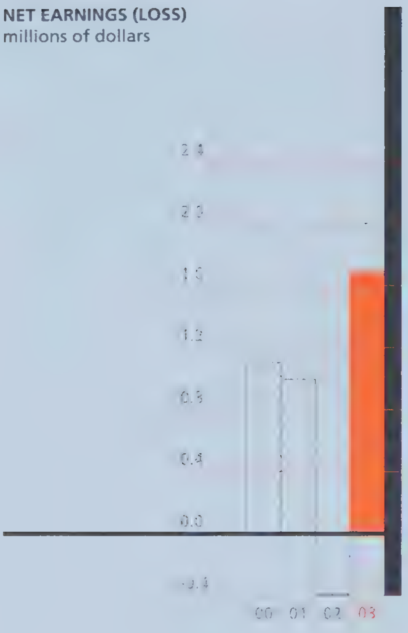
Although revenues from construction activities were below forecast, earnings targets were achieved. This

ENGINEERING (Gemini Engineering Inc.) ($thousands)	[illegible]	2002	% Change
Segment revenues	$ 12,829	$ 11,504	12%
Office and administration expenses as a percentage of revenue	9.5%	13.7%	(31%)
Corporate charges	1,897	1,792	6%
Earnings before income taxes	$ 1,776	$ 779	128%

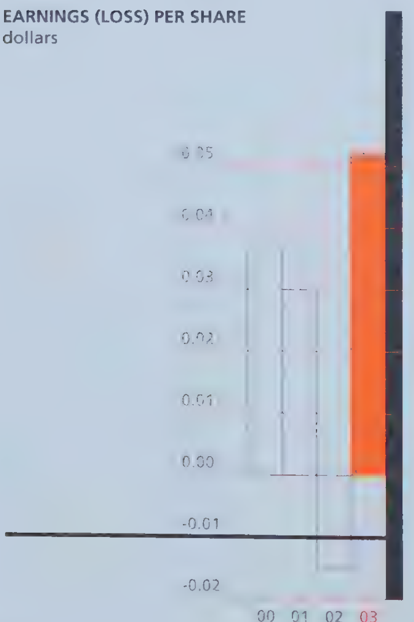
OPERATIONS (GEM Production Management) ($thousands)	2003	2002	% Change
Segment revenues	$ 2,749	$ 882	212%
Office and administration expenses as a percentage of revenue	9.0%	37.4%	(76%)
Corporate charges	282	135	109%
Earnings (loss) before income taxes	$ 419	$ (286)	247%

CONSTRUCTION AND FABRICATION (Kinetic Projects Ltd.) ($thousands)	[illegible]	2002	% Change
Segment revenues	$ 10,556	$ 6,680	58%
Office and administration expenses as a percentage of revenue	15.1%	16.5%	[illegible]
Corporate charges	569	336	69%
Earnings (loss) before other income & income taxes	$ 181	$ (755)	124%

NET EARNINGS (LOSS)
millions of dollars



EARNINGS (LOSS) PER SHARE
dollars



success was attributable to the profitability of well managed projects, complemented by maintaining low overhead costs. Because client capital budgets remain high, in line with commodity prices, Gemini is optimistic about its construction business for 2004. Gemini believes it has some advantages over competitors, namely, a simplified project execution strategy and faster project completion schedules. An additional project manager has been hired to focus on customer service, quality and safety.

Fabrication activity levels were also lower than initially forecast, with below-target revenues and earnings. Although this operation sustained an operating loss before taxes of $314,000 for the year, it was profitable during the last half of the year, with earnings from operations before taxes totaling $315,000. Two major factors contributed to this profitable second half of 2003:

- activity levels increased
- project margins increased generally, stemming from improvements to the project management process

The fabrication group also took several steps which have had a positive impact in 2003:

- an aggressive marketing initiative, which was implemented in 2002, continued in 2003
- sales staff was also added, which contributed directly to a substantial increase in market presence; as a result, inquiries increased from 72 in 2002 to 192 in 2003.
- a working relationship was established with a company specializing in design of Once Through Steam Generators for heavy oil applications
- project management at the shop level was enhanced by the relocation of a senior project manager from Calgary to the Ponoka fabrication facility
- the Company obtained their ASME "U" stamp certification, which provides market acceptance for their pressure vessels throughout North America; this move was validated by the order of 28 vessels in the first two months of 2004, in comparison to six during the same period of 2003

The outlook for Gemini's fabrication business is positive. Inquiries have almost tripled in the first two months of 2004 compared to the same period in 2003. The value of orders booked has increased by 250% over the same period in 2003. Our fabrication business enjoys several competitive advantages, including a solid reputation, excellent product quality and capabilities in specialty fabrication. These advantages, along with the continued high commodity prices and high activity levels in the oil and gas sector, should result in a busy 2004 for this division.

SUMMARY OF QUARTERLY RESULTS

Except for the second quarter of 2003, consistent improvements are evident in each quarter beginning 2002. Gemini showed profits in the first quarter of 2003 for the first time in more than a year. This stemmed from a general increase in business activity. Second quarter results were impacted by a dramatic drop in construction and fabrication activities. This was due to a late spring breakup and very competitive bidding. In the third and fourth quarters, every division was active and profitable as the Company's business began to benefit from the expected turnaround. Throughout 2003, cash flow and working capital improved and debt was reduced. This was due to several events. The Burstall compressor station was sold in the third quarter and some of the proceeds were used to repay a related bank loan. In the fourth quarter EDC was paid out and a gain of $280,000 was realized on the settlement of this debt.

LIQUIDITY AND CAPITAL RESOURCES

Gemini's liquidity improved dramatically in 2003, the most notable improvements being a 1,723% increase in cash flow, and a 459% increase in working capital. Both of these measurements have a significant impact on the Company's ability to operate successfully and sustain growth. Cash flow was affected primarily by the Company's increase in net earnings. Working capital improved as a result of the Gemini's profitability as well as the sale of the compressor station. The disposal of this asset generated proceeds of $1,030,000, which, after payment of a related bank loan for $292,000 and a $400,000 settlement to EDC, resulted in a surplus balance of $338,000 available for working capital requirements.

As previously mentioned, a large portion of the Company's debt was retired or paid down in 2003. The Company's retired debt was: bank loans $455,000; EDC $680,154 and capital leases $124,975, for a total of $1,260,129.

At December 31, 2003, the Company was in compliance with all of the bank's financial covenants and expects to remain in compliance for the foreseeable future.

Subject to meeting certain bank covenants, Gemini has a bank line of credit available for up to $3.0 million dollars. At December 31, 2003, there were no restrictions on this facility and the maximum amount was available. Of this amount, $1,229,000 was being utilized at year end. We anticipate that this facility, along with the present working capital, will be sufficient to meet the Company's needs in order to maintain current business operations for 2004.

SUMMARY OF QUARTERLY RESULTS ($thousands except per share data)								2002
					Q4	Q3	Q2	Q1
Revenue	7,746	6,450	5,027	6,341	4,682	5,024	4,770	4,355
Gross Profit	2,936	2,102	1,512	1,630	1,342	1,229	1,300	1,153
Earnings (loss) before Income Taxes	1,728	740	(115)	146	82	(144)	(203)	(140)
Net Earnings (loss)	1,286	441	(191)	152	(30)	(95)	(114)	(151)
per share – basic & diluted	0.041	0.014	(0.007)	0.004	(0.002)	(0.004)	(0.004)	(0.006)
Cash Flow	1,247	439	(158)	221	84	(26)	(61)	(105)
Working Capital	2,810	1,496	347	615	502	500	634	990
Total Assets	10,454	10,957	9,960	10,320	8,563	9,265	9,373	9,866
Capital Expenditures	48	104	[illegible]	[illegible]	4	17	455	74
Disposal of Capital Assets	1	1,069			–	–	30	–
Total Long-term Debt	783	1,330	1,589	1,683	1,696	1,751	1,847	1,725
Shareholders' Equity	5,202	3,890	3,448	[illegible]	3,487	3,517	3,612	3,729

A major contributor to Gemini's cash flow over the next couple of years will be the savings resulting from the corporate restructuring effected at the beginning of 2004. In addition to more focused operations, the Company will be able to fully utilize all prior years' tax losses. Subsequent to the restructuring described earlier in this report and in Note 18 of the Consolidated Financial Statements, these losses, totalling approximately $3 million, are available to offset taxes payable on future earnings. The cash savings attributable to the use of these losses is approximately $1.0 million.

Gemini is in arrears on payment of undeclared dividends on cumulative preferred shares, paying a 6.6% dividend. (Refer to Note 11 in the Consolidated Financial Statements.) These dividends will be paid when the Company determines it has sufficient cash to make the payments without impacting the working capital required to support ongoing business.

Contractual obligations are summarized below:

RELATED PARTY TRANSACTIONS

During 2003, two directors of Gemini were principals of Meyers Norris Penny LLP, a chartered accounting firm which acts in a management consulting capacity for Gemini, primarily to provide corporate governance services. Fees for service are charged at fair market value, and totalled $83,714 in 2003. At the end of 2003, only one director remained a related party, and in early 2004 this director was no longer related.

BUSINESS RISKS & CRITICAL SUCCESS FACTORS

CYCLICAL NATURE

The majority of Gemini's business is in the oil and gas industry, and as a result, the cyclical nature of this industry becomes an inherent risk factor in the business of Gemini. The fluctuating prices of both oil and gas affect the cash flows of clients, which in turn, affect the service providers. The Company's revenues and operating results may be subject to material fluctuations on a quarterly or annual basis because of these factors.

DIVERSIFICATION INTO OTHER INDUSTRIES

In order to reduce the risk inherent in the oil and gas industry, one of the Company's goals has been to diversify into other industries. One step towards the realization of this goal has been achieved through the formation of GenSolutions Ltd. GenSolutions' primary focus will be to provide environmental engineering consulting services. Other areas of pursuit will be in industrial and municipal waste treatment as well as biomass handling.

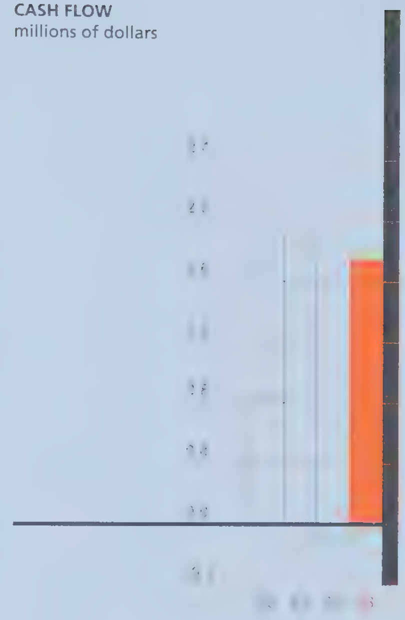
Another step in this direction has been to sign a Memorandum of Understanding with ME Engineering Ltd. to support the sale and supply of steam generation equipment in Western Canada, Nunavit, the Northwest Territories and the Yukon. Our primary focus will be in the SAGD (Steam Assisted Gravity Drainage) process in the

CONTRACTUAL OBLIGATIONS	Total	2004	2005	2006	2007	2008	Thereafter
Bank demand loans	$ 759,988	$ 80,004	$ 79,984	$ 60,000	$ 60,000	$ 60,000	$ 420,000
Capital lease obligations	154,524	115,744	38,780	–	–	–	–
Pension plan liability	94,640	13,520	13,520	13,520	13,520	13,520	27,040
Operating leases	1,356,116	952,024	209,740	120,608	70,506	3,238	–
Deferred rent payments (portion relating to improvement allowance)	59,964	59,964	–	–	–	–	–
	$2,425,232	$1,221,256	$ 342,024	$ 194,128	$ 144,026	$ 76,758	$ 447,040

heavy oil production industry. As opportunities arise, we will explore the use of ME Engineering's equipment outside of the oil and gas industry.

The Company's involvement with wind energy has also moved forward. Gemini Corporation has a small ownership position in Clean Energy Strategies, a wind development company, which has been making some progress in this market.

CASH FLOW
millions of dollars



HUMAN RESOURCES

One of Gemini's key performance drivers is the ability to attract and retain employees. This can also be viewed as a risk and an area of uncertainty because we cannot always be assured of the continued availability of qualified personnel. We do our best to mitigate this risk by offering a number of employment incentives, including training, employee share ownership, competitive compensation and benefits packages along with a positive corporate culture that we believe is attractive to our employees.

CLIENT MERGERS AND ACQUISITIONS

The risk and uncertainty from mergers among prominent energy companies has lessened somewhat over the last year. However, this threat continues to exist among the junior companies, who play a significant role in our business. In order to minimize this risk, we continue to take steps to add new clients and thereby broaden our client base.

FINANCIAL RESOURCES AND ABILITY TO RAISE CAPITAL

We have made excellent progress in the last year to replenish our working capital and cash reserves. As a result, the risk to Gemini in this area has been substantially reduced. This success, along with the recent increase in share price, should enable the Company to more easily access the financial market and raise capital when it is required. Due to the cyclical nature of our business, however, having sufficient financial resources to sustain the Company and its growth will always provide an element of risk to Gemini's business.

OUTLOOK

Gemini's outlook for 2004 is optimistic. Because our primary market is the oil and gas sector, much of our forward planning is based on the strength of this industry. Based on certain assumptions, including continued high commodity prices, drilling activity and capital spending, we are planning for a 10 to 15% increase in revenues for 2004.

Gemini continues to work towards being the "leading provider of engineered solutions." The ability to realize this vision depends on our ability to attract, retain and train skilled and service-focused employees. To achieve this we continue to focus on providing a positive corporate culture throughout the organization.

Gemini continues to allocate a portion of its resources to pursue long-term opportunities such as waste management, biomass processing, renewable energy as well as new products. As these opportunities develop into new business, we expect growth beyond our core activity. This diversification will help to reduce the impact of the cyclical oil and gas industry that we have experienced over the past several years.

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and plans fo

We are very proud of our approach to governance and financial reporting. Our processes are rigorous and transparent, designed to provide all investors with a WINDOW into our performance and plans for the future. Discipline and accountability protect our financial health and ensure that Gemini will have the financial resources to serve clients and grow shareholder value.

The accompanying consolidated financial statements and related information in the Annual Report have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and, where appropriate, reflect management's best estimates and judgments. Management is responsible for the accuracy, integrity and objectivity of the consolidated financial statements within reasonable limits of materiality.

To assist management in the discharge of these responsibilities, the Company maintains a system of internal controls designed to provide reasonable assurance that accounting records are reliable and assets are safeguarded.

The Audit Committee, which is comprised exclusively of outside directors, is appointed annually by the Board of Directors. The Audit Committee meets with management as well as with the external auditors to satisfy itself that management is properly discharging its financial reporting responsibilities and to review the consolidated financial statements and external auditors' report. The Audit Committee reports its findings to the Board of Directors for consideration prior to the Board's approval of the audited consolidated annual financial statements for presentation to the shareholders. The external auditors have direct access to the Audit Committee of the Board of Directors.

The firm of Buchanan Barry LLP, on behalf of the shareholders, has independently audited the consolidated financial statements, in accordance with Canadian generally accepted auditing standards. Their report outlines the nature of their audit and expresses their opinion on the consolidated financial statements of the Company.

Carl Johnson
President & Chief Executive Officer

Marlene Quiring
Vice President & Controller

To the Shareholders of Gemini Corporation

We have audited the consolidated balance sheets of Gemini Corporation as at December 31, 2003 and December 31, 2002 and the consolidated statements of earnings and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and December 31, 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta
February 24th, 2004

Chartered Accountants

CONSOLIDATED BALANCE SHEET

As at December 31	2003	2002
ASSETS		
Current		
Cash	$ 219,582	$ 139,707
Accounts receivable	5,681,777	3,041,463
Work in progress	462,149	223,481
Inventory	34,251	–
Future income taxes	714,027	343,287
Prepaids and deposits	158,176	134,536
Current portion of deferred pension plan costs	8,373	–
	7,278,335	3,882,474
Capital Assets (Note 4)	2,496,999	3,821,181
Deferred Pension Plan Costs (Note 5)	65,213	–
Future Income Taxes (Note 13)	613,053	859,617
	$ 10,453,600	$ 8,563,272
LIABILITIES		
Current		
Bank indebtedness (Note 6)	$ 1,228,961	$ 1,840,761
Accounts payable	2,014,228	916,954
Unearned revenue	75,794	–
Income taxes payable	865,987	72,192
Current portion of bank demand loans (Note 7)	80,004	205,008
Current portion of deferred rental charge	81,225	81,228
Current portion of pension plan liability	16,163	–
Current portion of capital lease obligation (Note 8)	106,364	96,546
Current portion of long-term debt (Note 9)		167,500
	4,468,726	3,380,189
Bank demand loans (Note 7)	679,984	1,009,980
	5,148,710	4,390,169
Deferred Rental Charge (Note 10)		81,222
Pension Plan Liability (Note 5)	65,213	–
Capital Lease Obligation (Note 8)	38,005	144,369
Long-term Debt (Note 9)		460,622
	5,251,928	5,076,382
SHAREHOLDERS' EQUITY		
Share Capital (Note 11)	4,744,964	4,744,964
Contributed Surplus (Note 11)	25,931	–
Retained Earnings	430,777	(1,258,074)
	5,201,672	3,486,890
	$ 10,453,600	$ 8,563,272

Carl Johnson, Director

Roy Barr, Director

CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS

For the Years Ended December 31	[illegible]	2002
Revenue	$ 25,564,086	$ 18,831,572
Direct Costs	17,384,312	13,808,428
Gross Profit	8,179,774	5,023,144
Expenses		
Office and administration	5,389,114	4,855,622
Amortization	438,470	445,381
Interest on long term debt	132,937	127,970
	5,960,521	5,428,973
Earnings (Loss) Before Other Income	2,219,253	(405,829)
Gain On Settlement of Debt (Note 12)	280,154	–
Earnings (Loss) Before Income Taxes	2,499,407	(405,829)
Income Tax Expense (Recovery) (Note 13)		
Current	934,732	113,046
Future	(124,176)	(129,279)
	810,556	(16,233)
Earnings (Loss) For The Year	1,688,851	(389,596)
Deficit, beginning of year	(1,258,074)	(867,946)
Premium paid to repurchase company shares		(532)
Retained Earnings, end of year	$ 430,779	$ (1,258,074)
Basic Earnings (Loss) Per Share (Note 14)	$ 0.052	$ (0.015)
Diluted Earnings (Loss) Per Share (Note 14)	$ 0.052	$ (0.015)
Weighted Average Number of Common Shares	30,793,436	30,803,362

For the Years Ended December 31	2003	2002
Cash Provided By		
Operating activities		
Net earnings (loss) for the year	$ 1,688,851	$ (389,596)
Add back non-cash items		
Amortization	438,470	445,382
Stock-based compensation expense	25,931	–
Future income tax recovery	(124,176)	(129,279)
Deferred pension plan expense	7,789	–
Deferred rental charge relating to amortization of free rent	[illegible]	(21,264)
Loss (gain) on disposal of capital equipment	18,211	(8,034)
Gain on settlement of debt	(280,154)	–
Increase in cash surrender value of life insurance policy	(3,565)	(5,014)
Cash flow from operations	1,750,093	(107,805)
Changes to working capital balances related to operating activities		
Accounts receivable	(2,640,314)	2,778,456
Work in progress	(238,668)	470,022
Inventory	(34,251)	–
Prepaids	(20,075)	(19,769)
Accounts payable	1,097,274	(1,341,193)
Unearned revenue	75,794	–
Income taxes payable	[illegible]	932
	[illegible]	1,888,448
Cash provided by operations	783,648	1,780,643
Financing Activities		
Decrease in revolving line of credit	(611,800)	(1,135,497)
Repayment of bank demand loans	(455,000)	(194,591)
Increase in long-term debt	52,032	–
Repayment of long-term debt	(400,000)	–
Increase in capital lease obligations	28,429	349,285
Repayment of capital lease obligations	(124,975)	(113,857)
Reduction of deferred rent relating to leasehold improvements	[illegible]	(59,961)
Increase in pension plan liability	81,376	–
Repurchase of common shares	–	(2,940)
Proceeds on issue of common shares	–	255
	[illegible]	(1,157,306)
Investing Activities		
Acquisition of capital assets	(202,181)	(550,318)
Proceeds on disposal of capital assets	1,069,680	30,000
Increase in deferred pension plan costs	(81,376)	–
	[illegible]	(520,318)
Change In Cash	79,875	103,019
Cash, beginning of year	139,707	36,688
Cash, end of year	$ 219,582	$ 139,707

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

These consolidated financial statements include the accounts of the Company and those of its wholly-owned subsidiaries, Gemini Engineering Inc., Kinetic Projects Ltd., and Vector Power and Automation Ltd.

Gemini Engineering Inc. provides project management, engineering and construction management to clients in Canada and internationally. Through its division, GEM Production Management, it also provides operations services and custom gas processing solutions.

Kinetic Projects Ltd. provides both custom fabrication services and full service construction. The full service construction includes project management, engineering, and construction. Fabrication can be supplied as part of the construction or on a stand-alone basis.

Vector Power and Automation Ltd. provides electrical and instrumentation contract services to a number of industries. It had no business activity in 2003.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

(A) CAPITAL ASSETS

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded using the following annual amortization rates:

Automobiles	declining balance at 30%
Computer equipment	declining balance at 30%
Field equipment	declining balance at 20%
Office and shop equipment	declining balance at 20%
Building	declining balance at 4%
Land improvements	declining balance at 4%
Leasehold improvements	straight line over 4 years

(B) INCOME TAXES

The Company follows the liability method to account for income taxes. The liability method requires that income taxes reflect the future tax consequences of temporary differences between the carrying amounts of assets or liabilities and their tax basis. Future income tax assets and liabilities are determined for each temporary difference based on the tax rates that will be in effect when the asset is realized or the liability settled. The effect of a change in tax rates on future tax assets and liabilities is recognized in net income in the period in which the change occurs.

(C) REVENUE RECOGNITION

The Company uses the percentage-of-completion method to account for revenue earned on construction and fabrication projects. For all other services, revenue is recognized at the time the services are provided.

(D) STOCK BASED COMPENSATION

Pursuant to the recommendations of the CICA Handbook Section 3870, the Company has adopted the provisions for accounting for stock-based employee compensation awards granted to employees, whereby compensation expense is recognized for stock options granted to employees and directors. All stock-based employee compensation awards are approved by the board of directors and have a maximum term of five years with one-third vesting immediately, one-third vesting on the first anniversary date and one-third vesting on the second anniversary date. The Company follows the Black-Scholes model for options valuation.

The Company records compensation expense and contributed surplus based on fair values when options are granted to employees. Any consideration paid by employees on the exercise of the options plus the attributable contributed surplus is credited to share capital. Any modifications to the options are revalued based on the fair value at that time.

(E) CALLABLE DEBT

Pursuant to the recommendation of the Canadian Institute of Chartered Accountants Emerging Issues Committee EIC-122, the Company classifies all long-term debt obligations with demand repayment terms as a current liability.

(F) EARNINGS PER SHARE

The Company applies the treasury stock method of reporting earnings and other per share amounts. Basic earnings per share are computed by dividing earnings from operations by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments, in accordance with the standards recommended by the Canadian Institute of Chartered Accountants.

(G) LEASES

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incident to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases whereby lease payments are expensed as incurred. Assets recorded under capital leases are amortized on the same basis as similar assets owned by the Company.

(H) COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

3. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2003, the Company adopted the new recommendations of The Canadian Institute of Chartered Accountants with respect to the fair value based method of accounting for stock-based employee compensation awards granted to employees, previously not accounted for. The Company has elected to account for these amounts in the financial records of the Company; this change has been reported prospectively per the transitional provisions in CICA Handbook Section 3870.

4. CAPITAL ASSETS

		2003			2002	
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Automobiles	$	$	$	$ 13,476	$ 12,198	$ 1,278
Computer equipment	[illegible]	[illegible]	[illegible]	566,033	247,787	318,246
Computer equipment – capital lease	[illegible]	[illegible]	[illegible]	300,277	45,041	255,236
Field equipment	[illegible]	[illegible]	[illegible]	289,157	169,947	119,210
Office equipment	[illegible]	[illegible]	[illegible]	210,501	78,162	132,339
Shop equipment	[illegible]	[illegible]	[illegible]	270,929	100,209	170,720
Building	1,477,691	305,368	[illegible]	1,477,690	256,521	1,221,169
Compressor station				1,218,484	94,827	1,123,657
Leasehold improvements	[illegible]	[illegible]	[illegible]	252,362	125,941	126,421
	[illegible]	[illegible]	[illegible]	4,598,909	1,130,633	3,468,276
Land and improvements	358,936	[illegible]	[illegible]	358,936	6,031	352,905
	$ [illegible]	$ [illegible]	$ [illegible]	$ 4,957,845	$ 1,136,664	$ 3,821,181

In 2003, the compressor station was sold for $1,030,590, resulting in a loss on disposal of $18,200.

5. PENSION PLAN

The Company contributes to an Individual Pension Plan on behalf of the Company's president. Based on an actuarial valuation prepared early in 2003, the fair value of the plan assets is $183,873; the accrued benefit obligation is $265,249, resulting in a deficiency of $81,376. This deficiency will be funded by quarterly payments of $3,380, including interest at 7.4% per annum, over eight years. Subsequent to year end, payments commenced to reduce the pension plan liability.

6. BANK INDEBTEDNESS

The Company has a revolving demand operating credit facility, to a maximum of $3,000,000, subject to meeting certain bank covenants. The line of credit bears interest at prime plus 1.75% per annum, and is secured by a general security agreement over all present and future acquired assets, a general assignment of book debts from each of the companies, and cross guarantees in the amount of $4,685,000 between the Company and each of its subsidiaries.

At December 31, 2003 the maximum amount under this facility was available. The Company was in compliance with the Bank's covenants at December 31, 2003.

7. BANK DEMAND LOANS

Pursuant to the recommendation of the Canadian Institute of Chartered Accountants Emerging Issues Committee EIC-122, which requires that long-term debt obligations with demand repayment terms be classified as a current liability, the Company classifies the following long-term debt as a current liability.

The Company's primary lender has provided Gemini Corporation with a letter which states that, for purposes of calculating the working capital ratio covenant, only the principal payments due within one year going forward will be treated as a current liability.

	[illegible]	2002
Non-revolving reducing demand credit facility repayable in monthly instalments of $1,667 plus interest at prime plus 2.25% per annum, secured by a general security agreement on current and future assets, maturing in December, 2005.	$ [illegible]	$ 59,992
Non-revolving reducing demand credit facility repayable in monthly instalments of $5,000 plus interest at prime plus 2.25% per annum, secured by a mortgage on land and building with a carrying value of $1,524,076 (Dec. 2002 – $1,574,074), maturing in December, 2015.	720,000	780,000
Non-revolving demand credit facility repayable in monthly instalments of $10,417 plus interest at prime plus 2.25% per annum, secured by a general security agreement and equipment with a carrying value at Dec. 31 of $0 (Dec. 2002 – $1,123,657).		374,996
	$ [illegible]	$ 1,214,988
Less current portion	80,004	205,008
	$ [illegible]	$ 1,009,980

Principal repayments required for each of the next five years are as follows:

2004	$ [illegible]
2005	[illegible]
2006	60,000
2007	60,000
2008	[illegible]
Thereafter	[illegible]
	$ [illegible]

In September 2003, the demand loan relating to the ownership of the compressor station was retired prior to maturity. The balance owing of $291,660 was repaid with the proceeds from the sale of the compressor station.

8. CAPITAL LEASE OBLIGATION

	[illegible]	2002
Capital lease obligation payable in blended monthly instalments of $9,645 including interest at 9.9% per annum, secured by equipment with a carrying value of $178,665 (Dec. 2002 – $255,236), maturing in April, 2005.	$ [illegible]	$ 240,915
	$ 144,369	$ 240,915
Less current portion	[illegible]	96,546
	$ [illegible]	$ 144,369

Minimum lease payments required for each of the next two years are as follows:

2004	$ [illegible]
2005	[illegible]
	[illegible]
Less: amount representing imputed interest at 9.9%	[illegible]
Balance of lease obligation	$ [illegible]

9. LONG TERM DEBT

	[illegible]	2002
Note payable in quarterly instalments of $41,874 plus interest at prime per annum, secured by a second mortgage on land and building with a carrying value of $1,524,076 (Dec. 2002 – $1,574,074), a general security agreement and postponement on all inter-corporate debt.		$ 628,122
		$ 628,122
Less current portion		167,500
		$ 460,622

In late 2003, the Company reached an agreement with the Export Development Corporation (EDC) to pay $400,000 in settlement of an outstanding loan, the balance of which was $680,000, including interest in arrears of $52,000. Due to an Intercreditor Agreement between the Company, the Company's Bank and EDC, the Company had been prohibited from making payments while it was in breach of Bank covenants. As a result of Gemini's improved financial position, the Company was able to pay out EDC and remain in compliance with Bank covenants.

10. DEFERRED RENTAL CHARGE

In January 2000 the Company entered into a lease for premises which included three months free rent, the benefit of which was deferred and is being amortized over the life of the lease in monthly amounts of $1,772. The Lessor also provided in the lease agreement an improvement allowance to be amortized and repaid over the balance of the lease term, free of interest. Monthly payments of $4,997 began in December 2001 and will continue through to December 2004.

11. SHARE CAPITAL

(A) AUTHORIZED:

Unlimited number of voting common shares

Unlimited number of non-voting preferred shares, issuable in series

These preferred shares could be issued in one or more series.

The directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges and conditions attached to the shares of each series.

(B) ISSUED AND OUTSTANDING:

		2003		2002
	Common Shares	Amount	Common Shares	Amount
Balance beginning of period	30,793,436	$ 3,503,412	30,812,936	$ 3,505,566
Stock options exercised	-	-	1,500	255
Repurchased and cancelled	-	-	(21,000)	(2,409)
Balance end of period	30,793,436	$ 3,503,412	30,793,436	$ 3,503,412
	Preferred Shares	Amount	Preferred Shares	Amount
Balance beginning of period	1,241,552	$ 1,241,552	1,241,552	$ 1,241,552
	1,241,552	$ 1,241,552	1,241,552	$ 1,241,552
Total Share Capital		$ 4,744,964		$ 4,744,964

(i) During the year ended December 31, 2002, options granted November 21, 2000 were exercised resulting in the issue of 1,500 common shares at $0.17 per common share.

(ii) During the year ended December 31, 2002, the Company repurchased 21,000 of its common shares at $0.14 per share for a total of $2,940 through a normal course issuer bid. The excess of the purchase price, $2,940, over the average carrying value of the common shares acquired, $2,409, was charged to retained earnings.

(iii) In July of 2003, a normal course issuer bid permitting the Company to purchase up to 1,500,000 Common Shares, was allowed to expire.

(iv) Pursuant to a decision made by the Board of Directors of Gemini Corporation not to further extend the expiry dates of the Class A, B and C warrants of the Company, the following warrants were allowed to expire. Class C warrants, issued on May 11, 2000, entitling the holders to acquire up to 1,250,000 Common Shares at $0.35, expired on November 9, 2003. Class B warrants, issued on November 21, 2000, entitling the holders to acquire up to 386,000 Common Shares at $0.40, expired November 21, 2003. Class A warrants, issued December 16, 1999, entitling the holders to acquire up to 224,650 Common Shares at $0.35, expired November 30, 2003.

(v) The 6.6% Cumulative Redeemable Preferred Shares, Series 1, are non-voting and redeemable at the option of the Company at $1.00 per share.

(c) RESERVED FOR ISSUE

During the year ended December 31, 2003, options were granted to purchase 253,500 shares of the Company at $0.12, and 130,000 shares at $0.14. These options were issued at two different times throughout the year to employees, and vested one-third immediately and the remainder at one-third per year on each of the next two anniversary dates.

At December 31, 2003 the Company had unexercised options to the directors and employees as follows:

Issue Date		Exercise Price Per Share	Number of Options	Expiration Date
November 21, 2000	$	0.17	1,393,500	November 21, 2005
March 1, 2001	$	0.17	200,000	March 1, 2006
May 1, 2001	$	0.17	25,000	May 1, 2006
July 24, 2001	$	0.17	120,000	July 24, 2006
August 15, 2001	$	0.17	45,500	August 15, 2006
October 2, 2001	$	0.17	25,000	October 2, 2006
November 22, 2001	$	0.17	200,000	November 22, 2006
March 28, 2002	$	0.23	50,000	March 28, 2007
November 22, 2002	$	0.14	100,000	November 22, 2007
March 27, 2003	$	0.12	253,500	March 27, 2008
December 18, 2003	$	0.14	130,000	December 18, 2008
Total stock options outstanding			2,542,500	

During the year, compensation expenses of $25,931 were recorded based on fair values at the option grant dates of stock-based employee compensation awards. As well, corresponding amounts were credited to contributed surplus. No amounts were credited to capital stock in the period as a result of stock-based employee compensation awards.

The fair value of the share options granted were determined using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	3.89%
Term	5 years
Expected volatility in the market place	115%
Expected dividend yield	Nil

The Company has reserved 218,000 common shares with respect to outstanding warrants.

At December 31, 2003, the Company had unexercised warrants outstanding as follows:

	Issue Date	Exercise Price Per Share	Number of Warrants	Expiration Date
Class B	February 28, 2000	$ 0.40	218,000	February 28, 2004

If all outstanding warrants and stock options had been exercised, a total of 33,553,936 shares would have been outstanding.

(D) DIVIDENDS IN ARREARS

At December 31, 2003, the Company was in arrears on the payment of undeclared dividends on the Series I cumulative preferred shares in the amount of $302,599 (2002 – $220,657).

12. GAIN ON SETTLEMENT OF DEBT

A gain occurred upon the settlement of a debt owed to the Export Development Corporation (EDC). The outstanding debt was $680,000, comprised of principal of $628,000 and interest in arrears of $52,000. In November, 2003 an agreement was reached with EDC to pay $400,000 in settlement of the $680,000 debt, resulting in a gain of $280,000.

13. INCOME TAXES

The Company follows the liability method of accounting for income taxes. The actual income tax provision differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate income tax rate to earnings before income taxes. The major components of these differences are explained as follows:

	[illegible]	2002
Earnings (loss) before income tax	$ 2,499,407	$ (405,829)
Corporate income tax rate	36.74%	40.11%
Expected income taxes payable	918,282	(162,778)
Increase (decrease) in income taxes from:		
Temporary difference between tax basis and net book value of depreciable assets	(251,242)	106,517
Tax benefit of losses not previously recognized	(140,714)	–
Recapture of depreciation	125,053	–
Adjustment to losses carried forward as a result of amended tax returns	[illegible]	–
Difference in tax rate on losses carried forward	98,132	61,736
Gain on settlement of debt not taxable	(97,325)	–
Accounting depreciation in excess of tax depreciation	73,520	(90,810)
Difference in tax rate re cumulative eligible capital carry forward	[illegible]	11,263
Other	5,011	(13,947)
Loss for which no benefit has been recognized		71,786
Income tax expense (recovery)	$ 810,556	$ (16,233)

The components of future income tax assets are as follows:

	[illegible]	2002
Net operating losses carried forward	$ 1,052,005	$ 1,176,373
Tax basis vs. net book value of depreciable assets	83,552	(206,691)
Tax benefit of cumulative eligible capital	182,050	214,614
Tax benefit of share issue costs	3,493	7,664
Tax benefit of financing costs	5,980	10,944
	$ [illegible]	$ 1,202,904

The Company and its wholly-owned subsidiaries have the following deductions available for use against future years' income:

	Gemini Corporation	Gemini Engineering Inc.	Kinetic Projects Ltd.	Vector Power and Automation Ltd.	Maximum annual rate of claim
Undepreciated capital assets	$ 240,987	$ 206,750	$ 1,786,778	$ 27,495	4% – 30%
Eligible capital expenditures	5,773	–	517,950	312	7%
Share issue costs	10,055	–	–	–	20%
Financing costs	17,214	–	–	–	20%
	$ 274,029	$ 206,750	$ 2,304,728	$ 27,807	

The Company has incurred capital losses for income tax purposes of $2,053,897, the related benefit of which has not been reflected in these financial statements. These losses can be carried forward indefinitely to be used against future capital gains.

The Company has incurred non-capital losses for income tax purposes of approximately $3,028,263, the related benefit of which has been recorded in these financial statements. Unless sufficient taxable income is earned, these losses will expire as follows:

2004	$ 332,186
2005	1,492,608
2008	251,593
2009	872,412
2010	79,464
	$ 3,028,263

Reconciliation of the Company's income tax rate is as follows:

Federal income tax rate	38.00%
General tax reduction	(5.00)%
Federal abatement	(10.00)%
Surtax	1.12%
Provincial income tax rate	12.62%
Combined federal and provincial income tax rate	36.74%

14. EARNINGS PER COMMON SHARE

The earnings per common share are calculated using a weighted average number of common shares outstanding of 30,793,436 (2002 – 30,803,362) shares. The effect of the stock options and warrants on the earnings per share is anti-dilutive.

15. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2003, the Company incurred fees in the amount of $83,714 (2002 – $74,708) from entities of which one director is principal. Of this amount, $14,004 remains unpaid at December 31, 2003.

16. COMMITMENTS

The Company is committed to the following minimum lease payments related to operating leases for premises, vehicles and office equipment:

2004	$ 952,024
2005	209,740
2006	120,608
2007	70,506
2008	3,238
	$ 1,356,116

17. SEGMENTED INFORMATION

In 2003, the Company operated in two reportable segments, each offering different products and services. They are components of the Company for which separate financial information is available that is evaluated regularly by the chief operating decision maker in allocating resources and assessing performance. These operating segments are: Gemini Engineering Inc., which provides engineering, design, project management and operations services and Kinetic Projects Ltd., which provides construction and fabrication services. The chief operating decision maker of the entities is the Chief Executive Officer of the Company.

For the Year Ended December 31, 2003	Gemini Engineering Inc.	Kinetic Projects Ltd.	Corporate & Other	Inter-company Adjustments	Totals
Segment revenues	15,577,851	10,556,006	2,748,864	(3,318,635)	25,564,086
Inter-segment revenues	(561,977)	(7,794)	(2,748,864)	3,318,635	–
External revenues	15,015,874	10,548,212	–	–	25,564,086
Interest revenue	5,139	1,808	27,337	(34,259)	25
Interest expense	51,024	154,204	63,011	(34,259)	233,980
Depreciation and amortization	137,911	103,138	197,421	–	438,470
Segment profit (loss) before income taxes	2,195,481	460,734	(156,808)	–	2,499,407
Future income taxes	(163,053)	189,473	(150,596)	–	(124,176)
Segment assets	3,676,525	5,444,508	1,268,851	(136,830)	10,253,054
Capital expenditures (disposals)	(1,057,005)	1,893	187,613	–	(867,499)

For the Year Ended December 31, 2002	Gemini Engineering Inc.	Kinetic Projects Ltd.	Corporate & Other	Inter-company Adjustments	Totals
Segment revenues	12,385,185	6,679,783	2,288,134	(2,521,530)	18,831,572
Inter-segment revenues	(165,158)	(74,330)	(2,282,042)	2,521,530	–
External revenues	12,220,027	6,605,453	6,092	–	18,831,572
Interest revenue	445	177	27,774	(28,190)	206
Interest expense	79,143	134,501	46,645	(28,190)	232,099
Depreciation and amortization	209,498	104,293	131,591	–	445,382
Segment profit (loss) before income taxes	493,436	(755,023)	(144,242)	–	(405,829)
Future income taxes	95,708	(231,640)	6,653	–	(129,279)
Segment assets	3,793,270	4,012,505	894,327	(136,830)	8,563,272
Capital expenditures	24,453	92,940	402,925	–	520,318

18. SUBSEQUENT EVENTS

(A) Subsequent to December 31, 2003, the Board of Directors of Gemini Corporation made the decision not to further extend the expiry date of Class B warrants originally issued on February 28, 2000. These warrants, entitling the holders to acquire up to 218,000 common shares of Gemini Corporation at $0.40 per share, expired on February 28, 2004.

(B) On January 1, 2004, the three subsidiaries of Gemini Corporation, namely Gemini Engineering Inc., Kinetic Projects Ltd., and Vector Power and Automation Ltd., were amalgamated. At the same time, four new subsidiaries were created and will operate as limited partnerships. The new structure reflects the distinct business operations of the Company. In late January, a fifth business operation was begun in order to provide environmental engineering consulting services. The operations of the Company are now being conducted under Gemini Engineering Limited, GEM Production Management Ltd., Kinetic Projects Inc., Kinetic Process Systems Ltd. and GenSolutions Ltd.

19. FINANCIAL INSTRUMENTS

The Company holds various forms of financial instruments comprised of cash, accounts receivable, bank demand loan, accounts payable and long-term debt. The Company's operations expose the Company to interest rate risk and industrial credit risks. The Company manages its exposure to this risk by operating in a manner that minimizes its exposure to the extent practical.

(A) FAIR VALUES

The fair values of the Company's current financial instruments do not differ significantly from their carrying values due to their short-term maturities. The fair value of the Company's long-term debt approximates its carrying value as the majority of long-term debt bears interest at rates that vary with the prime rate.

(B) CREDIT RISK

A significant portion of the Company's trade accounts receivable are from the resource industry and as such, Gemini Corporation is exposed to all the risks associated with that industry.

(C) INTEREST RATE RISK MANAGEMENT

The Company's short and long term borrowings are subject to floating rates. The floating rate debt is subject to interest rate cash flow risk, as the required cash flows to service the debt will fluctuate as a result of changes in market rates.

As at December 31, 2003, the increase or decrease in net earnings before taxes for each 1% change in interest rates on floating rate debt amounts to approximately $7,600 (December 31, 2002 – $18,000).

CORPORATE INFORMATION*

BOARD OF DIRECTORS

Carl D. W. Johnson
President & C.E.O.
Gemini Corporation
Calgary, Alberta

Roy Barr [1, 2]
President
Gage Financial Consultants Inc.
DeWinton, Alberta

Nolan Blades [2]
President
Sunny Gables Holdings Ltd.
Calgary, Alberta

Larry Shelley [1, 2]
President
Tamarack Group Ltd.
Partner
Meyers Norris Penny LLP
Calgary, Alberta

Carl Smith [1]
Financial Consultant
Calgary, Alberta

1 *Member of Audit Committee*
2 *Member of Compensation Committee*

KEY PERSONNEL

Carl D.W. Johnson
President & C.E.O.
Gemini Corporation

Marlene Quiring
VP & Controller
Gemini Corporation

Greg McGibbon
General Manager
Gemini Engineering Limited

Rick Buckner
General Manager
GEM Production Management Ltd.

Blair Harding
General Manager
Kinetic Process Systems Ltd.

Adrian Lomas
Manager of Construction
Kinetic Projects Inc.

Roderick Facey
General Manager
GenSolutions Ltd.

EXTERNAL COUNSEL

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Bankers
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Calgary, Alberta T2H 0K5

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Calgary, Alberta T2P 4V5

Registrar & Transfer Agent
Computershare Trust Company of Canada
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Calgary, Alberta T2P 3S8

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Edmonton, Alberta T5J 2Z2

Fabrication Plant
Ponoka Industrial Park
4100 67 Street
Ponoka, Alberta T4J 1J8

ANNUAL GENERAL MEETING

The Annual General Meeting of the Shareholders of Gemini Corporation will be held in the Eau Claire Room of the Westin Hotel, 320-4th Ave S.W., Calgary, Alberta on May 26, 2004 at 3:00 PM (Calgary time).

Shareholders are encouraged to attend. Those unable to attend are requested to complete and submit the Proxy Form to the Company's registrar and Transfer Agent, Computershare Trust Company of Canada.

Stock Exchange Listing
TSX Venture Exchange: GKX

* effective January 2004

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